

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Methuen Retirement Board

FROM: Joseph I. Martin, Deputy Executive Director

RE: Approval of Funding Schedule

DATE: September 5, 2018

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY19 (since the amount under the prior schedule was maintained in FY19) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.35% and a slight adjustment to the fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



Methuen Retirement System
January 1, 2018 Actuarial Valuation

Total cost increases 7% in FY20, then 5% each year until FY34 with a final amortization payment in FY35

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERI</u>	<u>Amort. of 2003 ERI</u>	<u>Amort. Of 2010 ERI</u>	<u>Pension Holiday</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Increase Total Cost</u>
2019	3,428,814	50,000	8,011,436	226,005	262,806	222,155	79,985	12,281,200	130,146,557	
2020	3,583,111	50,000	8,691,227	236,175	274,632	222,155	83,584	13,140,884	130,262,967	7.0%
2021	3,744,351	50,000	9,160,284	246,803	286,990	222,155	87,345	13,797,928	129,630,701	5.0%
2022	3,912,847	50,000	9,653,733	257,909	299,905	222,155	91,276	14,487,825	128,419,717	5.0%
2023	4,088,925	50,000	10,394,992	269,515	313,401		95,383	15,212,216	126,560,003	5.0%
2024	4,272,926	50,000	10,941,078	281,643	327,504		99,675	15,972,827	123,974,985	5.0%
2025	4,465,208	50,000	11,515,540	294,317	342,241		104,161	16,771,468	120,580,978	5.0%
2026	4,666,142	50,000	12,893,899					17,610,041	116,286,585	5.0%
2027	4,876,119	50,000	13,564,425					18,490,543	110,992,049	5.0%
2028	5,095,544	50,000	14,269,526					19,415,071	104,588,555	5.0%
2029	5,324,844	50,000	15,010,980					20,385,824	96,957,477	5.0%
2030	5,564,462	50,000	15,790,654					21,405,115	87,969,564	5.0%
2031	5,814,862	50,000	16,610,509					22,475,371	77,484,060	5.0%
2032	6,076,531	50,000	17,472,608					23,599,140	65,347,757	5.0%
2033	6,349,975	50,000	18,379,122					24,779,097	51,393,972	5.0%
2034	6,635,724	50,000	19,332,327					26,018,051	35,441,442	5.0%
2035	6,934,332	50,000	17,293,135					24,277,466	17,293,135	-6.7%
2036	7,246,377	50,000						7,296,377	0	-69.9%

Appropriation payments assumed to be made on July 1 of each fiscal year.

Total appropriation assumed to increase 7% in FY20, then 5.0% each year until FY34 with a final amortization payment in FY35.

FY19 normal cost includes assumed expenses of \$700,000 and is assumed to increase 4.5% per year.

FY19 appropriation was maintained at the same level as the prior schedule.